

# FINDINGS FROM THE 2014 PAID LEAVE ANALYSIS GRANTS PROGRAM



A Report Prepared by the U.S. Department of Labor Women's Bureau

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# INTRODUCTION

Every year, millions of Americans need to take time away from work to care for a new baby or a loved one who is ill, or to attend to their own serious health needs. Yet the majority of workers in the United States do not have access to paid family and medical leave, and few can afford to take leave that is unpaid.

The United States is one of the only countries in the world that does not guarantee its workers paid maternity leave,<sup>1</sup> and is one of the only countries ranked highly in economic and human development to not offer paid medical leave.<sup>2</sup> Although the federal Family and Medical Leave Act (FMLA) provides job-protected leave for eligible workers to care for their newborn or newly adopted children, their family members with serious health conditions, and their own serious health conditions, the law does not require that such leave be paid.<sup>3</sup> Moreover, FMLA covers only about 59 percent of the U.S. workforce, leaving many workers without the right to take even unpaid leave.<sup>4</sup>

Businesses in the U.S. are increasingly adopting or expanding paid family and medical leave policies, in recognition that such policies benefit both their employees and their businesses.<sup>5</sup> Yet, only 12 percent of U.S. private-sector workers have access to paid family leave through their employer.<sup>6</sup>

In short, most U.S. workers lack meaningful access to paid family and medical leave. Over the past decade, a number of states and municipalities have stepped in to fill this gap by adopting their own paid family and medical leave programs. California, New Jersey, and Rhode Island have all implemented statewide paid family leave programs by building on existing state Temporary Disability Insurance (TDI) programs that provide medical leave. New York recently enacted a paid family leave law (building on the state's TDI program) that will be implemented starting in 2018. Numerous cities and counties offer paid family and medical leave for their municipal employees, and San Francisco recently became the first U.S. city to mandate fully paid parental leave for all eligible workers. A growing number of other states and municipalities are looking to adopt similar laws.

To help states and municipalities that are ready to lead on leave, President Obama has repeatedly proposed more than \$2 billion in new funds to support states establishing new paid family and medical leave programs. Additionally, the U.S. Department of Labor's Women's Bureau has awarded states and municipalities more than \$3 million through its Paid Leave Analysis grant program. The funds support research and analysis needed to develop and implement paid family and medical leave programs throughout the country.

The first round of Paid Leave Analysis grants was awarded in 2014 to Massachusetts, Montana, Rhode Island, and the District of Columbia. The studies were completed in late 2015, and produced important findings related to the development and implementation of state-level paid family and medical leave programs. These insights may be applicable to other states and to municipalities considering paid family and medical leave programs, and may also help inform the national conversation about paid family and medical leave.

Part I of this report summarizes each of the 2014 grantees' research projects and highlights their important findings. Part II identifies general lessons learned about what it takes to study, develop, and implement a state-level paid family and medical leave program.

**Three major categories of paid leave are discussed throughout this report:**

- **Parental Leave:** For mothers (maternity leave) and fathers (paternity leave) to bond with a new child after birth, adoption, or foster placement.
- **Family Leave:** To care for a seriously or chronically ill family member. Family leave generally also includes parental leave.
- **Medical Leave:** For workers with a serious health condition who need time for self-care. Medical leave generally also includes leave for medical conditions related to pregnancy and childbirth.

**In general, when this report references “paid leave,” it references paid family and medical leave.**



## **PART I: SUMMARY OF THE 2014 PROJECTS AND FINDINGS**

The 2014 Paid Leave Analysis grantees studied the feasibility of implementing paid family and medical leave programs at the state level or gauged the awareness and effectiveness of a current state paid family leave program. This section describes each grantee's project objectives and activities, and highlights some of the findings from each project.<sup>7</sup>

### **MASSACHUSETTS**

Massachusetts sought to estimate the cost of a proposed state paid family and medical leave program, using an existing simulation model, which it updated as part of this project. The model relies on survey data from the U.S. Department of Labor and the U.S. Census Bureau to estimate and predict leave-taking behavior conditional on demographic characteristics of the leave-takers.<sup>8</sup>

#### **ACTIVITIES:**

- Developed estimates of leave-taking behavior extrapolated from actual leave-taking patterns documented in the 2012 U.S. Department of Labor Family and Medical Leave survey.
- Surveyed existing or proposed programs in several states in order to develop an array of policy options for paid leave program provisions, including length of leave, eligibility criteria, amount of wage replacement, etc.
- Updated the simulation model and software, including an interface for the user so the model can be run on a desktop or laptop computer using the Windows operating system.
- Used the simulation model to estimate the effects of a proposed family and medical leave program in Massachusetts.
- Developed an accompanying set of materials from the model's software application that describe how it works, the behavioral estimates from the 2012 Family and Medical Leave Survey, the assumptions used in the model, the policy options available to the user, and the dataset's output from the model.
- Wrote a user-friendly manual so analysts in Massachusetts and other states can simulate and analyze proposed programs using the software application.

#### **PARTNERS:**

- Massachusetts Department of Labor Standards
- University of Massachusetts Boston; Northeastern University

**Figure 1:**  
***Paid Leave Program Modeled in Massachusetts (Proposed S.B. 1008/H.B. 1718)***

Types of Leave	<ul style="list-style-type: none"> <li>• Family</li> <li>• Medical</li> </ul>
Length of Leave	<ul style="list-style-type: none"> <li>• 12 weeks (care for a new child or a family member with a serious health condition)</li> <li>• 26 weeks (worker's own temporary disability)</li> </ul>
Wage Replacement Rate	<ul style="list-style-type: none"> <li>• 66% to 95% of average weekly wage (low-wage workers receive a higher percentage wage replacement)</li> <li>• Maximum weekly benefit: \$1,000</li> </ul>
Eligibility	Worked for employer for at least one full year and for at least 1,250 hours
Funding	Employer contribution
Job Protection	Yes

## FINDINGS:

### **Costs of *not* providing paid family and medical leave**

Massachusetts estimated the number of family and medical leaves taken or needed in the state annually, as well as the employer and employee wage costs associated with those leaves. They concluded that, under the current framework, in which there is no state paid family and medical leave program, about 300,000 workers take about 416,000 leaves each year and forego a total of \$1.33 billion in annual wages.<sup>9</sup> The average cost per leave, in foregone wages, is just under \$3,000 per year for a worker, and close to \$4,300 per year for an employer. In other words, both workers and employers currently incur significant costs for family and medical leaves.

### **Number of people who would use a paid family and medical leave program**

Massachusetts examined the impact of a proposed state paid family and medical leave program (see Figure 1 for details about the proposed program). To predict costs and number of leaves, Massachusetts had to assume different take-up rates for each of the three types of leave available under the proposed program (to care for a new child; to care for a family member with a serious health condition; for the worker's own temporary disability). Different take-up rates produce different estimates. These estimates reflect estimates for the initial years of the proposed paid family and medical leave program's implementation. Using the simulation model, Massachusetts predicted that about 3.0 percent of covered workers would take a total of about 95,000 leaves per year through the proposed paid leave program. However, the total number of leaves taken in Massachusetts would increase by only about 3.6 percent—16,000 additional leaves per year, for a total of just under 472,000 leaves.

### **Cost of the proposed state paid family and medical leave program**

Massachusetts estimated the proposed paid family and medical leave program would pay out \$495 million a year in benefits. Averaged across all covered employees, the annual cost would be \$158 a worker—just over \$3.00 per worker per week. They did not estimate the administrative costs associated with the program.

### **Savings to employers and employees from implementing a state paid family and medical leave program**

If Massachusetts implemented the proposed paid family and medical leave program, the cost of employer benefits (wage replacement) paid directly to their workers would decrease by about 7 percent. This is due to fewer workers using employer-sponsored leave programs for long leaves and instead using the state-sponsored paid leave program. Meanwhile, the percentage of uncompensated family and medical leaves would fall from 26 percent to 24 percent, and the percentage of uncompensated leaves taken by low-wage workers would fall from 42 percent to 39 percent.

### **Wage replacement benefits and typical length of leave**

Based on initial estimates used for the simulation model, Massachusetts estimates that the average weekly wage replacement benefit would be \$665 per week, and the average length of leave would increase by about four days—from 6.4 weeks to 7.2 weeks (based on a five-day work week).

## **MONTANA**

Montana sought to accomplish three objectives: (1) research the feasibility and economic impact of a state paid family and medical leave program, (2) provide financing, eligibility, and benefit recommendations for a new state paid family and medical leave program, and (3) conduct public opinion research for communication and implementation purposes.

### **ACTIVITIES:**

- Conducted a survey of 500 Montana residents to assess the public's attitude toward paid parental leave. The data was weighted by age, gender, and region to reflect the demographic characteristics of the population.
- Tested business support for paid parental and family leave programs by conducting a survey of 2,303 businesses in the state using a randomized sample of Montana employers.
- Conducted background research related to paid family and medical leave programs in the U.S. and producing cost estimates and recommendations for a paid family and medical leave program in Montana.

### **PARTNERS:**

- Montana Department of Labor and Industry
- Montana Budget and Policy Center
- Lake Research Partners

**Figure 2:**  
***Paid Leave Program Modeled in Montana (Hypothetical)***

Types of Leave	<ul style="list-style-type: none"> <li>• Family</li> <li>• Medical</li> </ul>
Length of Leave	Up to 12 weeks
Wage Replacement Rate	<ul style="list-style-type: none"> <li>• Workers would receive a portion of weekly wages based on income level</li> <li>• Lowest-wage earners would receive 95% or their weekly wages</li> <li>• Maximum weekly benefit: \$1,000</li> </ul>
Eligibility	Worked 680 hours in past 12 months (not necessarily for same employer)
Funding	Employee contribution

## **FINDINGS:**

### **Public awareness and perceptions of paid family and parental leave**

Montana’s public opinion poll found public support for paid family and parental leave. For example:

- Seventy-three percent of respondents supported work policies that allow employees to take paid time off to care for an aging parent; 66 percent of respondents supported six weeks of paid maternity leave, and 60 percent supported six weeks of paid parental leave (maternity and paternity leave).
- Sixty-seven percent of respondents thought that paid parental leave is good for children and families, and 65 percent thought that a lack of paid parental leave is especially unfair to women.
- Fifty-six percent of respondents believed that paid parental leave is good for business. This increased to 65 percent when put in the context of Montana’s current worker shortage, which is driven by retiring baby boomers and slow labor force growth.

Including an exemption for small businesses did not impact the level of support for paid parental leave. According to most respondents, including an exemption for employers with fewer than 20 employees in a state paid parental leave policy would not impact their support for paid parental leave.

Respondents also favored other family-friendly workplace policies. For instance, 82 percent favored requiring employers to give advanced notice for scheduling changes and 78 percent favored providing employees with flexible work schedules.

### **The business perspective on paid leave**

Montana’s business survey found that employers that offered paid parental or family leave reported that it had a positive impact on employee retention and worker productivity, and that workers did not require costly retraining when returning to work after leave. However, a plurality of business respondents in Montana did not think that these benefits were significant enough to overcome the costs of providing leave: thirty-eight percent of businesses disagreed or strongly disagreed that paid

parental leave positively impacted profitability; 44 percent were neutral or had no response; 19 percent agreed or strongly agreed that paid parental leave improves profitability.

Roughly 45 percent of businesses covering 68 percent of employees in the state responded that they provided some type of paid leave to their employees. However, the paid leave was rarely provided as paid parental or maternity leave, and instead usually provided as paid vacation, sick time, or paid time off (PTO). Further, even among the minority of businesses that provide leave, it was not equally available: employers were less likely to provide any form of paid leave to part-time or temporary workers.

Only five percent of Montana businesses surveyed offered paid parental or family leave to all their employees. When asked why they did not provide paid parental or family leave, businesses gave a variety of answers, including the expense, the feeling that employees would not use it, employer preference, and a perceived negative impact on business productivity. Businesses were also asked for their top two reasons why leave was offered. The most frequent responses were “a family-friendly work environment is important” and “it’s the right thing to do.”

### **Cost and participation estimates of a hypothetical paid leave program in Montana**

Montana estimated the cost of implementing a state paid family and medical leave program. Figure 2 details the provisions of the program that Montana modeled. If implemented:

- The program would cover 95 percent of the population (442,000 workers) in 2017.
- Workers across Montana would receive \$72 million worth of family and medical leave benefits in 2017.
- The proposal would be financed by employee contributions, totaling less than half of one percent (0.45 percent) of an employee’s total wages in 2017.
- During the first year, Montana estimated that 12,300 individuals would access the program for medical leave, and 3,200 individuals would access the program for family leave (to care for a new baby or care for a seriously ill relative).<sup>10</sup>

## **RHODE ISLAND**

Rhode Island is unique among the 2014 Paid Leave Analysis grantees in that it implemented a paid family leave program, Temporary Caregiver Insurance (TCI), in January 2014, which built on the state’s existing Temporary Disability Insurance (TDI) program. (Figure 3 details the provisions of TCI.) Rhode Island’s objectives were to determine the effectiveness of the TCI program rollout, assess the public’s awareness and usage of the new program, and determine TCI’s benefits for state residents.

### **ACTIVITIES:**

- A structured employee survey, developed by the University of Rhode Island and disseminated both through the Department of Labor and Training (DLT) TDI customer service call center, and by email to all Rhode Island employees who accessed the TDI system in 2014 for any reason, and to University of Rhode Island employees. In all, over 1,000 surveys were at least partially completed, of which approximately 900 were used for most analyses.

- Open-ended follow-up interviews, which were conducted with a subsample of 47 employee survey respondents willing to speak further to members of the research team.
- Face-to-face interviews with DLT administrators and a DLT call staff focus group, which were conducted to better understand existing procedures and resources.

#### PARTNERS:

- Rhode Island Department of Labor and Training
- Schmidt Labor Research Center, University of Rhode Island

**Figure 3:**  
**Rhode Island Paid Family Leave Program (Temporary Caregiver Insurance)**

Types of Leave	Family (paid medical leave available through state Temporary Disability Insurance program)
Length of Leave	Up to 4 weeks
Wage Replacement Rate	<ul style="list-style-type: none"> <li>• Approximately 60% of worker's average weekly wage</li> <li>• Maximum weekly benefit: 85% of average weekly wage of all eligible workers (\$817 as of July 3, 2016)</li> </ul>
Eligibility	<ul style="list-style-type: none"> <li>• Earned at least \$11,520 in Rhode Island during base period</li> <li>• Public workers excluded</li> </ul>
Funding	Employee payroll tax deduction
Job Protection	Yes
Administration	Rhode Island Department of Labor and Training
Implementation Date	January 2014

#### FINDINGS:

##### **Awareness of the new paid family leave program**

Rhode Island found that awareness of the new paid family leave program remains low: *just over half the respondents were aware of the program.*<sup>11</sup> Compared to respondents who had higher levels of awareness of TCI, respondents who had lower awareness tended to be older, lower-income, less educated, non-white, employed by small employers; they also receive fewer employer benefits. Respondents were most likely to have heard about TCI from family and friends.

Respondents were not aware of all of TCI's features. While 97 percent of respondents who were aware of TCI knew that it can be used to care for a new child and by both men and women, only 57 percent were aware that TCI provides job protection; 44 percent were aware that TCI provides 60 percent wage replacement; and 28 percent were aware that it is funded by employee contributions.

### **Application process**

Rhode Island examined the application process for TCI and found nearly half of respondents had their application approved in less than two weeks, though nearly a third had to wait a month or more. Interviews with DLT suggest that this may be a result of the 30-day filing limit, claims having errors, and paperwork needing to be resubmitted. Lower income workers had longer waits for approval. Women and white recipients were more likely to get their first benefit checks sooner. (Note that Rhode Island also received a 2015 U.S. Department of Labor Paid Leave Analysis grant; one of the objectives of Rhode Island's 2015 grant is to create a more inclusive TCI program, in part by addressing the gender gap in use and application denials).

In general, respondents were mostly satisfied or very satisfied with all aspects of the application process—including ease of navigating the TCI website (65 percent), amount of paperwork (70 percent), time to complete the application (70 percent), clarity of instructions (61 percent).

DLT administrators were also satisfied with the functioning of the program, but agreed that the 30-day application deadline was onerous for many and resulted in errors and claim denials.

### **Barriers to participation**

Rhode Island also examined barriers to participating in the new paid family leave program. They found that eighty-five percent of respondents took the full four weeks of TCI leave. Among those who did not take the full four weeks of leave, half could not afford to take more time (the TCI wage replacement rate is 60% of weekly wages), and 41 percent worried about negative job repercussions (despite the job protection guaranteed by TCI).

Workplace issues, such as fear of job loss, lack of supervisory support, and fear of negative job repercussions were frequently cited as barriers to participation. Nearly half the survey respondents said they would not have taken leave in the absence of TCI, because they could not afford the loss of income and didn't have other benefits, and they were worried about job loss.

### **Leave-taking and impacts on work**

A majority of workers (57 percent) who took leave had their work covered by other employees during regular working hours. Only 12 percent had their work covered by a temporary hire, and 4 percent by overtime hours of regular employees.

Rhode Island also asked survey respondents if they had any coworkers who took a leave of more than a week for family and/or medical reasons in the past year – 60 percent said yes. When asked if a coworker taking leave had a positive impact, negative impact, or neither, 76 percent said it had neither a positive nor negative impact on them.

### **Work, family, health, and financial outcomes**

Rhode Island found that participating in the state's paid family leave program correlates with many positive work, family, health, and financial outcomes.

Compared to those who took other types of leave and those who took no leave, TCI leave-takers reported less absenteeism after the life event for which they took leave (an average of 13.2 days for

TCI leave-takers compared to 19.2 days for those who took other types of leave or no leave) and greater satisfaction with transition back to work (57 percent versus 30 percent).

Compared to those who took other types of leave (unpaid leave and other types of paid leave) and those who took no leave, TCI leave-takers reported:

- Higher satisfaction with the ability to provide care for a new child.
- Higher satisfaction with the ability to re-organize life to be both a worker and a caregiver for both family caregiving leave and leave for bonding with a new child.
- Better overall physical health.
- Lower general stress.
- Higher number of well-baby visits.
- Higher satisfaction with ability to initiate breastfeeding.
- Higher satisfaction with ability to maintain financial stability both during leave and afterwards.
- More likely to see a wage increase after the major life event.

## DISTRICT OF COLUMBIA

Washington, D.C. estimated the costs and benefits of expanding paid family and medical leave in the District, using a simulation model to estimate the costs of a series of policy scenarios. The District modeled five policy scenarios that varied by length of leave offered, type of leave provided, and eligibility criteria.

### ACTIVITIES:

- Financing and benefit modeling of a variety of financing mechanisms, eligibility rules, and benefit distributions.
- Economic impact analysis, including the impacts of hypothetical paid family and medical leave programs on poverty, child outcomes, income, and other indicators.
- Cost-benefit study, offering concrete and concise evidence on the costs and benefits of paid family and medical leave.

### PARTNERS:

- District of Columbia Department of Employment Services
- Institute for Women's Policy Research

### FINDINGS:

#### **Paid family and medical leave policy scenarios**

Washington, D.C. modeled five different paid family and medical leave policy scenarios that varied by length of leave, type of leave, and eligibility (*Figure 4*) and compared them to the baseline of the current policy in the District.



**Figure 4:**  
***Paid Family and Medical Leave Policy Scenarios Modeled in the District of Columbia***

	Model 1	Model 2	Model 3	Model 4	Model 5
Types of Leave	• Family	• Family • Medical	• Family • Medical	• Family • Medical	• Family • Medical
Length of Leave	8 weeks	8 weeks	12 weeks	16 weeks	16 weeks
Wage Replacement Rate	100%	100%	100%	100%	100%
Eligibility*	FMLA eligibility	FMLA eligibility	FMLA eligibility	FMLA eligibility	D.C. FMLA eligibility

#### **The cost of *not* providing paid family and medical leave**

Examining the current policy landscape, Washington, D.C. found that private employers in the District pay about \$123.3 million a year for family and medical leaves taken by their employees. Private employees working in the District take the equivalent of \$415.2 million annually in uncompensated leave for family and/or medical purposes.

#### **The cost of paid family and medical leave**

The policy scenarios that Washington, D.C. examined would range in cost from \$30.8 million to \$150.9 million per year in wage replacement benefits (for private employers in D.C.). The number of private sector employees using paid family and medical leave benefits through D.C.’s paid leave program each year would range from just over 5,000 to almost 19,000.

**Figure 5:**  
***Annual Cost of Paid Leave Wage Replacement Benefits and Number Receiving Paid Leave Benefits for Private Employers in the District of Columbia***

	Model 1	Model 2	Model 3	Model 4	Model 5
Cost of Wage Replacement Benefits	\$38.0 million	\$93.6 million	\$114 million	\$124 million	\$150.9 million
Number Receiving Program Benefits	5,176	15,947	14,979	14,739	18,901

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\* “FMLA Eligibility” applies to workers who are eligible for federal FMLA leave (*i.e.*, those who have worked for a covered employer for at least 12 months, for at least 1,250 hours during the 12 months prior to the start of the FMLA leave, at a location where at least 50 employees are employed at the location or within 75 miles of the location). “D.C. FMLA Eligibility” applies to workers who are eligible for D.C.’s FMLA leave (*i.e.*, those who have worked 1,000 hours in the past 12 months for an employer with 20 or more employees).

### **Benefits to vulnerable workers**

Vulnerable workers (those with low levels of education, low incomes, and part-time work arrangements) would experience the largest drops in taking uncompensated leave if a paid leave program is implemented. For instance, if Washington, D.C. were to adopt Model 5:

- The incidence of uncompensated leave-taking for workers who earn less than \$25,000 a year would decline by 7 percentage points.
- The incidence of uncompensated leave-taking for workers with a high school degree or less would decrease by 6 percentage points.
- The incidence of uncompensated leave-taking would decline for part-time workers by 5 percentage points.

Comparing the similar benefit structures included in Models 4 and 5 suggests that almost half of these gains resulted from the higher number of workers who would be eligible for program benefits under Washington, D.C.'s FMLA than under the federal FMLA.<sup>12</sup>

### **Savings from implementing a paid leave policy**

The District also estimated categories of cost savings resulting from the five paid leave scenarios. They found savings from:

- Potential poverty reduction: poverty would decrease .2 percentage points to .6 percentage points, across the policies modeled.
- Improved child outcomes (reducing low-weight births): total savings to insurers and individuals would range from \$153,000 to \$296,000, across the policies modeled.
- Reduced public assistance: total savings would range from \$267,000 to \$492,000 across the policies modeled for employees working for private D.C. employers.
- Savings to employers from reduced turnover: would range from \$543,000 to \$2.3 million across the policies modeled for D.C. private employers.

**Figure 6:**  
**Percent of Uncompensated Family and Medical Leaves under Different Policy Scenarios in the District of Columbia**

		<b>Baseline (current policy)</b>	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
Gender	<b>Men</b>	22.6%	24.9%	21.8%	23.0%	22.4%	22.0%
	<b>Women</b>	29.9%	31.3%	27.6%	28.1%	27.7%	26.0%
Race/Ethnicity	<b>White</b>	21.2%	23.2%	20.5%	21.3%	20.9%	20.3%
	<b>Black</b>	31.2%	32.9%	28.3%	29.4%	29.1%	26.9%
	<b>Hispanic</b>	40.3%	40.2%	37.2%	37.9%	35.8%	34.5%
Educational Attainment	<b>High School or Less</b>	39.8%	41.3%	36.0%	37.6%	38.2%	34.3%
	<b>Some College or Associates</b>	33.8%	34.9%	30.9%	31.8%	30.9%	29.7%
	<b>Bachelors</b>	21.0%	24.4%	20.0%	21.2%	20.5%	19.7%
	<b>Postgraduate</b>	17.1%	18.6%	17.0%	17.2%	16.7%	16.8%
Income	<b>&lt; \$25,000</b>	54.4%	54.5%	49.4%	51.4%	52.1%	47.3%
	<b>\$25,000 – 49,999</b>	35.9%	39.0%	33.9%	34.9%	33.5%	32.9%
	<b>\$50,000 – 74,999</b>	28.3%	29.6%	25.5%	27.5%	26.6%	26.1%
	<b>\$75,000 – 99,999</b>	23.8%	24.8%	21.6%	22.3%	22.4%	20.4%
	<b>&gt; \$100,000</b>	16.5%	18.1%	16.3%	16.2%	16.1%	15.6%

## PART II: LESSONS LEARNED

The 2014 Paid Leave Analysis grant program funded studies have generated important findings related to paid family and medical leave programs at the state level. In addition to these substantive findings, the program grantees have also identified best practices to share with researchers and others interested in paid leave.

In early 2016, the Women's Bureau surveyed the 2014 grantees to gather information about how their research is currently being used; considerations for future work, including promising research practices and directions for new research; and policy elements to consider when designing a paid family and medical leave program. This section summarizes some of the survey results.

### HOW THE RESEARCH IS BEING USED

Generally, it appears that the grantees' work is fulfilling a fundamental objective of the Paid Leave Analysis grant program: to build momentum behind states' efforts to implement paid family and medical leave programs. Every one of the grantees reported that receiving a Paid Leave Analysis grant, engaging stakeholders, and completing the research process increased support for paid leave in their state.

In each of the grantee states, the studies carried out under the grant program are informing the policy conversation on paid family and medical leave. The findings are being shared with elected officials, government administrators, and community advocates, as well as with other researchers interested in expanding on the grantees' work, or even replicating it in other states. This section highlights several examples of how the studies are being used in the grantee states:

#### **Informing policymakers, coalitions, advocates about policy options related to paid leave**

- In Massachusetts, the grantees testified before the state legislature on their preliminary findings. Going forward, advocates, legislators, and other local stakeholders will work with the grantees to estimate costs of different policy options.
- In Montana, a coalition is being formed to discuss paid family and medical leave policy options. Montana's research will help the coalition understand which policy options are likely to receive the most support in the state.
- In Washington, D.C., the grantees are working with stakeholders to provide the D.C. Council with cost estimates of proposed legislation.<sup>13</sup>

#### **Protecting and expanding the program**

Rhode Island's research will be used to establish the success of the state's Temporary Caregiver Insurance program, to counter any attempts to roll back the program, and to promote additional legislation to expand the program (including income cap changes, progressive levels of wage replacement by income, and length of leave). The research will also increase general awareness and support for TCI throughout the state. Further, Rhode Island received a 2015 Paid Leave Analysis grant; the activities conducted using those resources are intended to build on the 2014 findings.

# PROCESS CONSIDERATIONS FOR FUTURE RESEARCH

## PROMISING PRACTICES: METHODOLOGY

Several important best practices emerged from the 2014 Paid Leave Analysis grants for researchers and others studying paid family and medical leave.

### **Conduct surveys via email**

Initially, Rhode Island set out to conduct the survey of employees by phone. They quickly realized that their response rate was lower than anticipated. Rhode Island decided to convert the phone survey to an email survey, and immediately sought funding to offer financial incentives to employees who completed the survey. Converting the survey to email increased the response rate. When comparing the phone responses to the email responses, Rhode Island also saw social desirability effects in the phone survey (on the phone, respondents were answering in ways to appear knowledgeable and more TCI-supportive to the survey administrator).

### **Provide incentives to increase survey response**

After receiving funding for the Paid Leave Analysis grant, Rhode Island concluded that offering respondents incentives would encourage more people to complete the survey. They secured funding from a local funder to purchase \$15 pharmacy gift cards to give to people who completed the survey, which also helped increase the number of respondents.

### **Employ public database(s) to ensure sufficiently large sample size**

The researchers who conducted the Rhode Island research built a relationship with the state Department of Labor and Training (DLT) and were able to use the state's Temporary Disability Insurance participant database as their research sample (which includes workers who had accessed the TDI or TCI system in some way). The DLT sent an email to their entire database to solicit survey responses. Having access to such a large sample of workers in the state enhanced the quality of the research.

### **Leverage outside expertise where knowledge or capacity gaps exist**

In Montana, the state Department of Labor and Industry (DLI) subcontracted different components of the research project to qualified organizations. For instance, for the policy research component, DLI worked with a state-based policy research organization (Montana Budget and Policy Center). For the public opinion research, the state-based policy research organization subcontracted with a nationally recognized public opinion research firm. This allowed Montana to focus on each organization's core competencies and to leverage specialized skills.

### **Improve response rates for targeted surveys by appealing to the natural interest of the particular respondent group (*e.g.*, for business respondents, make the business case for paid family and medical leave)**

Montana conducted a survey of businesses in the state to gain insight into their perspectives on paid leave. The state is facing a worker shortage and they framed the business survey by explaining that the research is linked to finding more workers for businesses, thus giving the businesses an incentive to complete the survey. The research team believed that framing the survey in the context of the worker shortage helped to increase the survey response rate.

## **PROMISING PRACTICES: COALITION-BUILDING AND COLLABORATION**

### **Successful projects assembled diverse stakeholder groups, including policymakers, funders, the media, and advocates**

All the grantees built relationships with a range of key stakeholders in their respective states. For instance, Massachusetts formed an Advisory Board comprised of researchers, business and labor leaders, elected officials, and advocates. The Massachusetts team met with their Advisory Board throughout the grant period to provide updates and solicit feedback. Regular communication with advisors can strengthen the research itself and ensure that the finished research is relevant and timely.

Montana found that it was very important to feature business leaders at events in the state. They invited business leaders to the Equal Pay Summit and asked them to discuss their own experiences providing paid family leave and other family-friendly workplace policies. This strengthened connections between the Montana Equal Pay for Equal Work Task Force and the business community.

The University of Rhode Island research team had a close relationship with the Rhode Island Department of Labor and Training (the primary grantee), a local foundation and state legislators. These relationships enabled them to access data they needed from the state (the entire TDI participant database) and tap into additional resources when needed to support the research.

### **Collaboration with other experts is essential**

The 2014 grantees collaborated with one another and with other researchers to exchange information and ideas, ask questions, and share research tools. Through the Paid Leave Analysis grant program, the researchers strengthened their relationships with other researchers and with national experts. For example, Massachusetts and Washington, D.C. collaborated on the simulation model that estimates costs of proposed programs. Rhode Island consulted with other researchers who have studied paid family leave programs in California and New Jersey to develop their in-depth survey materials. Montana used a method developed by researchers in Colorado to estimate the cost of a proposed paid family and medical leave program in Montana. Connecting the work across states and building on other efforts reduces redundancy and strengthens the final research.

## **DIRECTIONS FOR FUTURE RESEARCH**

The 2014 grantees identified several possible directions for future research, based on the gaps in existing research.

### **Mitigating administrative costs, especially in non-TDI states**

To date, all three states that have implemented a paid family leave program had an existing state Temporary Disability Insurance (TDI) program to build on.<sup>14</sup> For states that do not have a TDI program (all but five states), major questions remain as to how much it would cost to implement a paid family and medical leave program and how such a program would be administered.

### **Parsing *family* leave-taking behaviors**

According to the most recent FMLA data, 55 percent of FMLA leave is used for the worker's own illness, 21 percent for a new child and 18 percent for care for a qualifying family member.<sup>15</sup> But in the three states that offer paid family leave, many more leaves are taken to care for a new baby than to care for an ill relative.<sup>16</sup> Researchers would like to better understand what explains this difference in leave-taking behavior. Is there a reluctance to use the state paid family leave programs to care for a qualifying sick family member? Or is it simply lack of awareness? Understanding who would take leave and for what purpose is essential to more accurately estimating costs of a proposed state paid family and medical leave program. It is also important to know whether there are ways to modify existing state paid family and medical leave programs to better meet family caregiving needs, particularly as America's aging population increases.

### **Understanding workplace culture and effects on leave-taking**

Another direction for future research is to better understand how different elements of workplace culture can encourage or discourage leave taking. Are employees with supportive supervisors more likely to take leave? How do colleagues affect leave-taking behavior? How does an employer's human resources team affect who takes leave, for how long, and under what circumstances? How does workplace culture affect men who take leave compared to women who take leave?

### **Quantifying cost savings resulting from decreased turnover**

Another suggested area for further research is the ability to more precisely quantify the cost-savings from decreasing employee turnover in a state that has a paid family and medical leave program. How much does an employer save from not having to hire and re-train a new employee because their existing employee takes a paid leave and returns to the job (as opposed to quitting when a need for family leave arises)?

### **Extrapolating from models to estimate cost to other states**

The simulation model developed by Massachusetts can be used by other states and localities to estimate the costs of proposed and hypothetical paid family and medical leave programs. Many states and localities are interested in having more information on the costs of a paid family and medical leave program as they assess different proposals. Now that the model has been updated, users may request an opportunity to use it to estimate how much paid family and medical leave would cost and examine how it would be used in other states and localities.

## **DESIGNING A PAID FAMILY AND MEDICAL LEAVE PROGRAM: POLICY ELEMENTS TO CONSIDER**

There are many policy elements for policymakers and others to consider when designing a paid family and medical leave program. The 2014 Paid Leave Analysis grantees were asked to identify, based on their experience and expertise, the most important elements of a state or local paid leave program. The grantees identified a number of components of a paid family and medical leave program to consider, including:

### **Implementing paid family and medical leave in a state without an existing TDI infrastructure**

The question of how a state without an existing TDI infrastructure— all but five—can implement a paid family and medical leave program remains one of the most pressing questions facing states that are considering paid leave. To date, the three states that have passed and implemented paid family leave did so by expanding the existing state TDI program.<sup>17</sup> Many states around the country, including three of the 2014 Paid Leave Analysis grantee states, are grappling with this question, which will remain at the top of the paid family and medical leave agenda.

### **Determining a funding mechanism**

In the three states that have implemented paid family leave (CA, NJ, RI), the program is funded by small employee contributions; New York state's new family leave program will also be funded by employee contributions. Many state proposals for paid family and medical leave include contributions from employers and employees. How the program is funded has many implications, including which stakeholder groups—the public, policymakers, business community, etc.—are likely to support a paid family and medical leave program.

### **Establishing the length of leave**

Among the states that currently have paid family leave programs, the length of leave provided ranges from four to six weeks. New York's recently enacted law includes up to 12 weeks of leave when fully phased in. State TDI programs provide between 26 and 52 weeks of leave. Many paid family and medical leave proposals in other states provide 12 weeks or more; the maximum amount of federal FMLA leave is 12 weeks or up to 26 weeks in a single 12-month period to care for a covered servicemember with a serious injury or illness. Participants in the Rhode Island survey said that the four weeks of leave offered was not sufficient to meet caregiving needs.

### **Creating eligibility criteria**

To be eligible for FMLA leave, workers need to have worked 1,250 hours in the previous 12 months and work for an employer with at least 50 employees within a 75 mile radius of the worksite. Existing state paid leave programs and many proposals for paid family and medical leave in other states cover part-time workers and workers who work for employers with fewer than 50 employees. Many low-wage or vulnerable workers who would benefit from paid family and medical leave work part-time or part-year and would benefit from more generous eligibility parameters, including coverage for part-time workers or workers in small businesses.

### **Setting amount of wage replacement**

In California, New Jersey and Rhode Island, the amount of wage replacement ranges from 55 percent to 66 percent of weekly pay, with each state setting a maximum cap on the weekly benefit amount. California recently passed a law to provide higher levels of wage replacement to low-income workers. The amount of wage replacement offered impacts how much leave workers can afford to take. Respondents in the Rhode Island survey said that the amount of wage replacement (60 percent) was the reason the majority shortened their leave or took no leave at all. While some state paid leave proposals give all paid leave recipients the same portion of wage replacement, some proposals provide a higher wage replacement rate for low-income workers.



### **Ensuring job protection**

FMLA provides job-protection to covered and eligible workers, meaning that when they return to work after FMLA leave they must be restored to the same position, or one that is virtually identical to the original job in terms of pay, benefits, and other employment terms and conditions (including shift and location). Rhode Island is the only state paid leave program that also guarantees job-protection (New York's paid family leave program, when enacted, also will provide job protection). However, the Rhode Island 2014 Paid Leave Analysis grant revealed that job-protection is a little known element of the program. Job-protection offers workers the peace of mind that they can return to their job, but it is important that workers who have job-protection are aware of it.

### **Defining “family”**

FMLA allows workers to take family leave to care for a seriously ill spouse, parent, or child. Some of the state paid family leave programs have broader definitions of family. For instance, in Rhode Island, TCI can be used to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law, or grandparent. Future research should examine workers' need to provide care to family members beyond immediate family, including demographic and population research; the benefits of a more expansive definition of family; as well as suggest appropriate definitions of family.

### **Employing neutral framing and language**

The 2014 grantees recommend gender-neutral framing around leave taken to care for a new baby (calling this type of leave “bonding” leave can give the impression that it is just for women). The grantees also suggest using a frame that emphasizes that paid family and medical leave has benefits to business as well and that it allows people to be good workers and effective caregivers.

### **Evaluating program awareness and effectiveness**

Program assessment is important to fine-tuning a new program once it is rolled out, so it is important to build it in to any proposal for paid family and medical leave. Even in states that have had paid family leave for years, there is room to increase awareness of the program. The grantees suggest including funding for marketing, particularly for vulnerable populations, in any paid family and medical leave proposal.

## CONCLUSION

The 2014 Paid Leave Analysis grants contribute to the body of knowledge about the key design features and implementation strategies that help to lay the foundation for a robust state-supported paid family leave apparatus. The research shows, for example, that there is public support for paid family and medical leave, and that a state paid family leave program can have many benefits for workers and their families.

Many research questions remain, including those identified above. One of the most pressing questions is how to implement paid family and medical leave in states that do not have an existing TDI infrastructure; answering this question is an essential next step in the quest to make paid family and medical leave programs more widely available to the nation's workers and their families.

Since 2014, the Women's Bureau has awarded two additional rounds of funding through its Paid Leave Analysis grant program and expanded the program so that municipalities are also eligible to participate; as of August 2016, the Women's Bureau has awarded more than \$3 million through its Paid Leave Analysis grant program, and seventeen studies have been completed or are currently underway. Each of these studies furthers our understanding of both the substantive and technical issues surrounding paid family and medical leave. Together, they provide valuable information about how to structure effective state-level paid family and medical leave programs that yield benefits for workers *and* businesses and the state economies that rely on both.

## ENDNOTES

<sup>1</sup> International Labour Organization, *Maternity and paternity at work: Law and practice across the world*, 2014, retrieved from [http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS\\_242615/lang-en/index.htm](http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_242615/lang-en/index.htm) (last visited March 31, 2016).

<sup>2</sup> Jody Heymann, Hye Jin Rho, John Schmitt, and Alison Earle, *Contagion Nation: A Comparison of Paid Sick Day Policies in 22 Countries*, Center for Economic and Policy Research, 2009, retrieved from: <http://cepr.net/documents/publications/paid-sick-days-2009-05.pdf> (last visited July 5, 2016).

<sup>3</sup> U.S. Department of Labor, Wage and Hour Division, *Fact Sheet #28: The Family and Medical Leave Act*, 2012, retrieved from: <https://www.dol.gov/whd/regs/compliance/whdfs28.pdf> (last visited July 5, 2016).

<sup>4</sup> See, e.g., <https://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Executive-Summary.pdf>, p 1. Note that some workers may have additional, leave-related employment protections under state law.

<sup>5</sup> Julie Kashen, *Tech Companies are Leading the Way on Paid Leave*, The Century Foundation, 2015, retrieved from: <https://tcf.org/content/report/tech-companies-paid-leave/> (last visited July 5, 2016).

Emily Steel, “Netflix Offers Expanded Maternity and Paternity Leave,” *The New York Times*, August 4, 2015, retrieved from: <http://www.nytimes.com/2015/08/05/business/netflix-offers-expanded-maternity-and-paternity-leave.html> (last visited July 5, 2016).

Lydia Dishman, “Spotify Jumps on the Paid Parental Leave Bandwagon, Offers Up to Six Months Off,” *Fast Company*, November 19, 2015, retrieved from: <http://www.fastcompany.com/3053834/second-shift/spotify-jumps-on-the-paid-parental-leave-bandwagon-offering-up-to-six-months-of> (last visited July 5, 2016).

<sup>6</sup> U.S. Department of Labor, Bureau of Labor Statistics, 2015 National Compensation Survey, Table 32 (Leave Benefits: Access, Private Industry Workers), retrieved from <http://www.bls.gov/ncs/ebs/benefits/2015/ownership/private/table32a.htm> (last visited August 1, 2016).

<sup>7</sup> To view the 2014 Paid Leave Analysis grantees’ research materials, visit the Women’s Bureau website: <http://www.dol.gov/wb/media/paidleavegrants.htm>.

<sup>8</sup> The simulation model has since been updated to better reflect employer responses to paid leave, as a result the estimates here might underestimate the cost of the program. An updated version of estimates using revised proposed legislation and an updated simulation model is available at: [https://www.umb.edu/editor\\_uploads/images/centers\\_institutes/center\\_women\\_politics/ItsAboutTime\\_UMassBoston\\_May2016ReportAndExecSummary.pdf](https://www.umb.edu/editor_uploads/images/centers_institutes/center_women_politics/ItsAboutTime_UMassBoston_May2016ReportAndExecSummary.pdf) (last visited July 21, 2016).

<sup>9</sup> Note that some workers take more than one leave per year.

<sup>10</sup> Montana’s estimates for the hypothetical paid leave program were developed in collaboration and consultation with the Colorado Fiscal Institute, who developed a model for estimating program costs.

<sup>11</sup> All of the survey respondents had some access to Rhode Island’s Temporary Disability Insurance system, so awareness may be even lower among the general population in Rhode Island.

<sup>12</sup> To be eligible for Washington, D.C.’s FMLA, workers must have worked for 1,000 hours in the past year and work for an employer with 20 or more employees, compared to 1,250 hours for federal FMLA and employers with 50 or more employees.

<sup>13</sup> Bill 21-415, “Universal Paid Leave Act of 2016,” District of Columbia City Council, retrieved from: <http://static1.squarespace.com/static/553ead81e4b0984a5e68c1d6/t/56cb32a24c2f85414d5784d8/1456157346966/2.8.16+Discussion+Draft+of+DC+PFL+Bill.pdf>, (last visited March 31, 2016).

<sup>14</sup> Only two other states (Hawaii and New York) and Puerto Rico have TDI. New York recently enacted paid family leave, building on the state’s TDI program.

<sup>15</sup> Jacob Alex Klerman, Kelly Daley, and Alyssa Pozniak, *Family and Medical Leave in 2012: Executive Summary*, Abt Associates (prepared for the U.S. Department of Labor), 2012, retrieved from <http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Executive-Summary.pdf> (last visited March 31, 2016).

<sup>16</sup> Between 87 and 89 percent of paid family leave claims are for care for a new baby in California. Ann Bartel, Charles Baum, Mary Rossin-Slater, Christopher Ruhm, and Jane Waldfogel, *California’s Paid Family Leave Law: Lessons from the First Decade*, U.S. Department of Labor, 2014, retrieved from: <http://www.dol.gov/asp/evaluation/reports/paidleavedeliverable.pdf> (last visited March 31, 2016).

In New Jersey, the vast majority (81 percent) of paid family leave claims are to care for a new baby. Sharon Lerner and Eileen Appelbaum, *Business As Usual: New Jersey Employers’ Experiences with Family Leave Insurance*, Center for Economic and Policy Research, 2014, retrieved from: <http://cepr.net/documents/nj-fli-2014-06.pdf> (last visited March 31, 2016).

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In Rhode Island, in (the first year that TCI benefits were available), of the claims approved, 74 percent were to bond with a child 26 percent were to care for a seriously ill family member. Rhode Island Department of Labor and Training, *TDI Annual Update, January – December 2014*, retrieved from: <http://www.dlt.ri.gov/lmi/pdf/tdi/2014.pdf> (last visited March 31, 2016).

In Massachusetts, currently (with no paid family and medical leave program), researchers estimate that 61 percent of current leaves are for own health reasons, 15 percent is for parental leave and 24 percent leaves or for taking care of an ill relative.

Randy Albelda and Alan Clayton Matthews, *Paid Leave Analysis Grant – Massachusetts, Final Memo*, retrieved from: <http://www.dol.gov/wb/media/MA%20Final%20Policy%20Memo.pdf> (last visited March 31, 2016).

<sup>17</sup> Washington State passed a law in 2007 to implement a paid parental leave program, but it has not been implemented. New York State recently enacted paid family leave, building on the state's TDI program.